

Subpart 3133—Rentals and Royalties

§ 3133.1 Rentals.

(a) An annual rental shall be due and payable at the rate prescribed in the notice of sale and the lease, but in no event shall such rental be less than \$3 per acre, or fraction thereof. Payment shall be made on or before the first day of each lease year prior to discovery of oil or gas on the lease.

(b) If there is no actual or allocated production on the portion of a lease that has been segregated from a producing lease, the owner of such segregated lease shall pay an annual rental for such segregated portion at the rate per acre specified in the original lease. This rental shall be payable each lease year following the year in which the segregation became effective and prior to discovery of oil or gas on such segregated portion.

(c) Annual rental paid in any year prior to discovery of oil or gas on the lease shall be in addition to, and shall not be credited against, any royalties due from production.

[46 FR 55497, Nov. 9, 1981, as amended at 53 FR 17358, May 16, 1988]

§ 3133.2 Royalties.

Royalties on oil and gas shall be at the rate specified in the notice of sale as to the tracts, if appropriate, and in the lease, unless the Secretary, in order to promote increased production on the leased area through direct, secondary or tertiary recovery means, reduces or eliminates any royalty set out in the lease.

[46 FR 55497, Nov. 9, 1981, as amended at 53 FR 17358, May 16, 1988]

§ 3133.2–1 Minimum royalties.

For leases which provide for minimum royalty payments, each lessee shall pay the minimum royalty specified in the lease at the end of each lease year beginning with the first lease year following a discovery on the lease.

[46 FR 55497, Nov. 9, 1981, as amended at 53 FR 17358, May 16, 1988]

§ 3133.3 Under what circumstances will BLM waive, suspend, or reduce the rental, royalty, or minimum royalty on my NPR-A lease?

(a) BLM will waive, suspend, or reduce the rental or minimum royalty or reduce the royalty rate on your lease if BLM finds that—

(1) It encourages the greatest ultimate recovery of oil or gas or it is in the interest of conservation; and

(2) It is necessary to promote development or the BLM determines the lease cannot be successfully operated under the terms of the lease.

(b) The BLM will consult with the State of Alaska and the North Slope Borough within 10 days of receiving an application for waiver, suspension, or reduction of rental or minimum royalty, or reduction of the royalty rate and will not approve an application under § 3133.4 of this subpart until at least 30 days after the consultation.

(c) If your lease includes land that was made available for acquisition by a regional corporation (as defined in 43 U.S.C. 1602) under the provision of Section 1431(o) of the Alaska National Interest Lands Conservation Act (ANILCA) (16 U.S.C. 3101 *et seq.*), the BLM will only approve a waiver, suspension, or reduction of rental or minimum royalty, or reduction of the royalty rate if the regional corporation concurs.

[67 FR 17885, Apr. 11, 2002, as amended at 73 FR 6442, Feb 4, 2008]

§ 3133.4 How do I apply for a waiver, suspension or reduction of rental, royalty or minimum royalty for my NPR-A lease?

(a) Submit to BLM your application and in it describe the relief you are requesting and include—

(1) The lease serial number;

(2) The number, location and status of each well drilled;

(3) A statement that shows the aggregate amount of oil or gas subject to royalty for each month covering a period of at least six months immediately before the date you filed the application;

(4) The number of wells counted as producing each month and the average production per well per day;

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(5) A detailed statement of expenses and costs of operating the entire lease, including the amount of any overriding royalty and payments out of production or similar interests applicable to your lease;

(6) All facts that demonstrate the waiver, suspension, or reduction of the rental or minimum royalty, or the reduction of the royalty rate encourages the greatest ultimate recovery of oil or gas or it is in the interest of conservation; and

(7) All facts that demonstrate you cannot successfully operate the lease under the terms of the lease;

(8) Any other information BLM requires.

(b) Your application must be signed by—

(1) All record title holders of the lease; or

(2) By the operator on behalf of all record title holders.

[67 FR 17885, Apr. 11, 2002, as amended at 73 FR 6442, Feb. 4, 2008]

Subpart 3134—Bonding: General

§ 3134.1 Bonding.

(a) Prior to issuance of an oil and gas lease, the successful bidder shall furnish the authorized officer a surety or personal bond in accordance with the provisions of § 3104.1 of this title in the sum of \$100,000 conditioned on compliance with all the lease terms, including rentals and royalties, conditions and any stipulations. The bond shall not be required if the bidder already maintains or furnishes a bond in the sum of \$300,000 conditioned on compliance with the terms, conditions and stipulations of all oil and gas leases held by the bidder within NPR-A, or maintains or furnishes a nationwide bond as set forth in § 3104.3(b) of this title and furnishes a rider thereto sufficient to bring total coverage to \$300,000 to cover all oil and gas leases held within NPR-A.

(b) A bond in the sum of \$100,000 or \$300,000, or a nationwide bond as provided in § 3104.3(b) of this title with a rider thereto sufficient to bring total coverage to \$300,000 to cover all oil and gas leases within NPR-A, may be provided by an operating rights owner (sublessee) or operator in lieu of a bond

furnished by the lessee, and shall assume the responsibilities and obligations of the lessee for the entire leasehold in the same manner and to the extent as though he/she were the lessee.

(c) If as a result of a default, the surety on a bond makes payment to the United States of any indebtedness under a lease secured by the bond, the face amount of such bond and the surety's liability shall be reduced by the amount of such payment.

(d) A new bond in the amount previously held or a larger amount as determined by the authorized officer shall be posted within 6 months or such shorter period as the authorized officer may direct after a default. In lieu thereof, separate or substitute bonds for each lease covered by the prior bond may be filed. The authorized officer may cancel a lease(s) covered by a deficient bond(s), in accordance with § 3136.3 of this title. Where a bond is furnished by an operator, suit may be brought thereon without joining the lessee when such lessee is not a party to the bond.

(e) Except as provided in this subpart, the bonds required for NPR-A leases are in addition to any other bonds the successful bidder may have filed or be required to file under §§ 3104.2, 3104.3(a) and 3154.1 and subparts 3206 and 3209 of this title.

[46 FR 55497, Nov. 9, 1981, as amended at 53 FR 17358, May 16, 1988; 53 FR 22846, June 17, 1988]

§ 3134.1-1 Form of bond.

All bonds furnished by a lessee, operating rights owner (sublessee), or operator shall be on a form approved by the Director.

[46 FR 55497, Nov. 9, 1981, as amended at 53 FR 17358, May 16, 1988]

§ 3134.1-2 Additional bonds.

(a) The authorized officer may require the bonded party to supply additional bonding in accordance with § 3104.5(b) of this chapter.

(b) The holders of any oil and gas lease bond for a lease on the NPR-A shall be permitted to obtain a rider to